

**IOWA FINANCE AUTHORITY
BOARD MEETING MINUTES**

**Iowa Hospital Association Education Center
100 E. Grand Avenue, First Floor
Des Moines, Iowa**

May 3, 2006

BOARD MEMBERS PRESENT

Vincent Lintz, Chair
Kay Anderson, Vice Chair
Carmela Brown, Treasurer
Steve Adams (via telephone)
Virginia Bordwell

Roger Caudron
Heather Kramer
Douglas Walter
Dick Wright

STAFF MEMBERS PRESENT

Bret Mills, Executive Director
Lori Beary, Community Development Director
Mickey Carlson, Single Family Program Manager
Donna Davis, Deputy Director/Director of Housing Programs
Steven Harvey, Director of Operations
Craig Johnson, Financial Analyst
Shawna Lode, Communications Director
Tim Morlan, Underwriter

Loyd Ogle, Title Guaranty Division
Director
Carla Pope, Service -Enriched Housing
Director
Callie Sheil, Secretary
James Smith, Deputy Director/CFO
Mark Thompson, General Counsel
Nancy Wallis, Administrative Assistant

OTHERS PRESENT

Kristi Boyce – Wells Fargo Bank Iowa, NA
Jim Conlin – Conlin Properties
Dan Garrett – Iowa Equity Fund
David Grossklaus – Dorsey & Whitney Law Firm
Jina Lilly – State Treasurer’s Office
Derek McGreal – UBS Securities, LLC
Dan O’Connell – Cardinal Capital
Joe O’Hern – Fannie Mae

Bill Reinke – HOUSES, Inc.
Mary Ann Thuesen – Wells Fargo Bank
Iowa, NA
David VanSickel – Davis, Brown &
Koehn Law Firm
Terry Vestal – Iowa Department of
Economic Development
Joe Whitsett – Pedcore Investments

CALL TO ORDER

Chair Lintz called to order the May 3, 2006, regular meeting of the Iowa Finance Authority (“the Authority” or “IFA”) Board of Directors at 11:00 a.m. Roll call was taken and a quorum was established with the following members present: Lintz, Anderson, Brown, Adams, Bordwell, Caudron, Kramer, Walter and Wright.

REVIEW AND APPROVAL OF MINUTES

April 5, 2006

Chair Lintz introduced the minutes of the April 5, 2006, regular meeting of the IFA Board of Directors.

MOTION:

On a motion by Ms. Kay Anderson and a second by Ms. Virginia Bordwell, the Board unanimously approved the minutes from the April 5, 2006, regular meeting of the IFA Board of Directors.

ADMINISTRATION / MANAGEMENT REPORT

Mr. Bret Mills discussed how IFA's staff followed up on the efforts on the Strategic Plan. They have met with the Board of Directors and are following through on measures and targets. He mentioned that staff will be providing information throughout the month and will discuss it with the Board members next month during the same time slot.

Closed Session

MOTION: Ms. Anderson made a motion that the Board go into closed session pursuant to Iowa Code Section 21.5(1) (j) to discuss the purchase of particular real estate where premature disclosure could be reasonably expected to increase the price IFA would have to pay for that property. On a second by Mr. Roger Caudron, the Board unanimously approved the motion to go into closed session.

A roll call vote was taken: YES: Lintz, Anderson, Brown, Bordwell, Caudron, Kramer, Walter and Wright. NO: None ABSENT: Adams.

It was requested that the public and staff leave the meeting, with the exception of Mr. Mills, Mr. Mark Thompson, Ms. Callie Sheil, Mr. James Smith, Mr. Loyd Ogle, Mr. David Grossklaus, Ms. Donna Davis, Mr. Steve Harvey, Mr. Craig Swartzbaugh, Mr. Dean Ibsen, Mr. Mike Raye and Mr. Mike Kastner.

MOTION: On a motion by Ms. Bordwell and a second by Ms. Anderson, the May meeting of the Iowa Finance Authority Board of Directors adjourned at 11:04 a.m. to reconvene in closed session to discuss a confidential matter.

Mr. Steve Adams joined the meeting via telephone at 11:30 a.m.

Chair Lintz reconvened the open meeting at 1:01 p.m.

Mr. Mills left the meeting at 1:00 p.m.

LEGAL / REGULATORY

Administrative Rules: Ch. 9 (Title Guaranty Emergency After Notice)

Mr. Thompson introduced the Title Guaranty Rules filed Emergency After Notice which would allow participating abstractors to issue Title Guaranty certificates. Based on the

recommendations by staff, one change was presented to correct 10 years to 2 years. Mr. Thompson then asked the Board to adopt the Title Guaranty Rules filed Emergency After Notice. He mentioned that the changes will take effect immediately and believes that they are not controversial and are a benefit to the public.

MOTION:

On a motion by Mr. Doug Walter and a second from Mr. Caudron, the Board unanimously approved the Emergency After Notice for Ch. 9 Title Guaranty Division.

Administrative Rules: Ch. 15 (HAF - rescission)

Mr. Thompson mentioned that this is a Notice of Intended Action to rescind chapter 15 of the Administrative Rules. There is a House file pending right now to move funding from the Housing Improvement Fund Program to the State Housing Trust Fund Program. This was approved by the Iowa House on May 2, 2006 and is expected to pass the Iowa Senate.

Mr. Thompson then asked the Board to approve the Ch. 15 Notice of Intended Action Rescission.

MOTION:

On a motion made by Ms. Carmela Brown and a second by Mr. Dick Wright, the Board unanimously approved the Notice of Intended Action to rescind Ch. 15 of the Administrative Rules.

Mr. Caudron asked if this would affect any existing contracts or HAF loans that we would have.

Mr. Thompson replied that our contracts stand on their own and that there would be no problems.

Litigation Update

Mr. Thompson said that we have a case pending regarding a member of the TGD Board and 3 tax credit projects that are pending as well. He mentioned that the case with Sioux Falls Environmental is resolved and was worked out with the Department of Housing and Urban Development (HUD)

FINANCE AND ACCOUNTING

Finance Update

Mr. Harvey mentioned that IFA's returns on assets are up and that IFA should be closer to the budgeted numbers by the end of the year.

Approval of Financial Statement

MOTION: On a motion by Mr. Caudron and a second by Mr. Adams, the Board unanimously approved the March 2006 Financial Statement.

Resolution Re: Single Family Mortgage Bonds, 2006 Series G, H, I & J

Mr. James Smith introduced the resolution to approve the issuance of three series of Bonds: 2006 Series G (fixed rate bonds, non-AMT refunding bonds), 2006 Series H (fixed rate bonds, includes AMT refunding bonds and new money), 2006 Series I (taxable bonds, may

be fixed or variable rate bonds). These bonds will utilize approximately \$45,000,000 of IFA's 2006 volume cap. The authorizing resolution allows a fourth series of bonds to be issued as variable rate bonds; however, IFA does not anticipate including variable rate bonds with this issue (if IFA issues variable rate bonds, they will be similar to prior variable rate series, likely with an interest rate swap).

MOTION:

On a motion by Ms. Anderson and a second by Mr. Wright, the Board unanimously approved the resolution for the Single Family Mortgage Bonds.

ECONOMIC DEVELOPMENT LOAN PROGRAM

Ed Loan #616, IPSCO Project

Ms. Lori Beary introduced a resolution amending the resolution authorizing \$14,715,000 of Iowa Finance Authority Solid Waste Disposal Revenue Bonds for IPSCO, Inc. in Muscatine. The bonds were issued in 1997 and were used for the construction and equipping of a solid waste disposal facility at a steel manufacturing facility. This resolution allows IFA to enter into a First Amendment to the Loan Agreement to change the definition of "Generally Accepted Accounting Principles". The definition in the existing loan agreement refers to generally accepted accounting principles in Canada. The amending will change the definition to generally accepted accounting principles in the United States.

MOTION:

On a motion by Mr. Walter and a second by Ms. Kramer, the Board unanimously approved resolution #616B-1, IPSCO Project.

Public Hearing for Spruce Hills Village Project

Chair Lintz opened the public hearing at 1:25 p.m. regarding the issuance of an amount not to exceed \$2,750,000 of Iowa Finance Authority Multifamily Housing Revenue Bonds for the Spruce Hills Village Project in Bettendorf. The bonds will be used for the acquisition and rehabilitation of a 63-unit Section 8 project for seniors. This is the second public hearing for this project because the amount of bonds to be issued has increased. The first was held on March 1, 2006. The inducement resolution was adopted at the January 11, 2006, Board meeting. There being no verbal or written comments, Chair Lintz closed the public hearing at 1:27 p.m.

ED Loan # 05-13 and #06-01, Spruce Hills Village and Spring Village Projects

Ms. Beary introduced an amending authorizing resolution for \$2,750,000 of Iowa Finance Authority Multifamily Revenue Bonds for Spruce Hills Village in Bettendorf and \$4,750,000 in Multifamily Revenue Bonds for Spring Village Project in Davenport. This resolution is needed to increase the amount of bonds for Spruce Hills Village and because the structure of the financing has changed from two separate placements to both projects being included in a single trust indenture with a trustee.

MOTION:

On a motion by Mr. Adams and a second by Ms. Anderson, the Board unanimously approved resolution #05-13B-1 and #06-01B-1.

ED Loan #06-03, Cross Creek Apartments Project

Ms. Beary introduced an application and inducement resolution for \$11,300,000 of Iowa Finance Authority Multifamily Housing Revenue Bonds for PedCor Investments' Cross Creek Apartments Project in Davenport. The bonds will be used to construct a 192-unit apartment complex on the west side of Davenport at 3702 Hickory Grove Road. This project will require Private Activity Bond Cap.

MOTION:

On a motion by Mr. Walter and a second by Mr. Wright, the Board unanimously approved resolution #06-03A.

ED Loan #06-04, St. Luke's Health Foundation Project

Ms. Beary introduced an authorizing resolution for \$16,000,000 of Iowa Finance Authority Taxable Variable Rate Demand Health Facility Revenue Bonds for St. Luke's Health Foundation in Sioux City. The bonds will be used to refund a portion of 2003 bonds used for constructing a medical office building and to retire another existing loan. St. Lukes is selling part of the facility to a physician's group, so the bonds must be issued as taxable. This project does not require Private Activity Bond Cap.

MOTION:

On a motion by Mr. Caudron and a second by Ms. Anderson, the Board unanimously approved resolution #06-04B.

ED Loan # 06-05, Pella Regional Health Center Project

Ms. Beary introduced an application and inducement resolution for \$75,000,000 of Iowa Finance Authority Health Care Facility Revenue Bonds for Pella Regional Health Center in Pella. The bonds will be used for constructing, improving, equipping and furnishing additions to, and renovations of, the existing facilities. Areas planned for improvements include the emergency and medical imaging departments, the clinic, pre-op and post-op surgery and a new medical and surgical inpatient floor. This project will not require Private Activity Bond Cap.

MOTION:

On a motion by Ms. Anderson and a second by Mr. Wright, the Board unanimously approved resolution #06-05A.

ED Loan #06-06, Sweetman Construction Company Project

Ms. Beary introduced an application and inducement resolution for \$1,200,000 of Iowa Finance Authority Manufacturing Facility Revenue Bonds for Sweetman Construction Company in Rock Valley, Sioux County. The bonds will be used to purchase and renovate a concrete block manufacturing facility. This project will require Private Activity Bond Cap.

MOTION:

On a motion by Ms. Anderson and a second by Mr. Adams, the Board unanimously approved resolution #06-06A.

ED Loan #06-07, ABCM Projects

Ms. Beary introduced an authorizing resolution for \$6,455,000 of Iowa Finance Authority Economic Development Revenue Refunding Bonds and \$130,000 Iowa Finance Authority Taxable Economic Development Revenue Refunding Bonds for ABCM Corporation. The bonds will be used to refund bonds issued in 1998 and 1999 that were used to finance the construction of seven assisted and independent living elderly housing facilities in Allison, Bloomfield, Clear Lake, Elma, Garner, Mount Vernon and Nora Springs.

MOTION:

On a motion by Mr. Caudron and a second by Ms. Kramer, the Board unanimously approved resolution #06-07B.

State Revolving Fund Program

Planning & Design Loan Resolution

Ms. Beary introduced a resolution to approve Planning and Design loans for the city of Fort Madison. This loan will be for an amount not to exceed \$1,343,670 and will be at 0% interest for up to 3-years. The funds are used for the planning and design phases of a drinking water infrastructure project. With the adoption of this resolution, IFA has approved Planning & Design loans totaling \$6,389,325 for 35 projects.

MOTION:

On a motion by Mr. Wright and a second by Ms. Brown, the Board unanimously approved the Planning and Design Loan resolution.

Non Point Source Loan for Iowa Natural Heritage Foundation (INHF)

Ms. Beary introduced a resolution approving a loan to Iowa Natural Heritage Foundation for an amount not to exceed \$6,000,000. INHF has agreed to purchase 93 acres of east shore property on Big Spirit Lake for the purpose of permanently protecting important biological and water resources. INHF will purchase the site over a period of two to three years. The Department of Natural Resources has committed \$2,000,000 over three years from public conservation funds. The Legislature is being asked to appropriate \$3,000,000 over two years and \$1,500,000 will be raised from private grants and contributions. Ultimately, INHF will transfer the property to DNR for public use.

MOTION:

On a motion by Mr. Caudron and a second by Ms. Anderson, the Board unanimously approved the Non Point Source Loan for Iowa Natural Heritage Foundation resolution.

Ms. Anderson left the meeting at 1:40 p.m.

HOUSING PROGRAMS

Resolution Re: NewHome Single Family Construction Loan Program

Ms. Mickey Carlson introduced the resolution to approve a new Single-Family Construction Loan Program to be known as the NewHome Single-Family New Construction Revolving Loan Program ("NewHome Program") to provide low-cost funds for construction of new

single family homes. It will be funded from the Single-Family Endowments Fund held under its Single-Family Mortgage Bond resolution that was adopted July 10, 1991, as amended by a Supplemental Resolution adopted October 6, 2004.

Mr. Wright asked for the Board to receive quarterly reports on the Single-Family programs.

MOTION:

On a motion by Mr. Wright and a second by Mr. Walter, the Board unanimously approved the NewHome Single-Family Construction Loan Program resolution.

Resolution Re: Sigourney – Northwest Lofts/Davis

Mr. Craig Johnson introduced a resolution to approve a loan to Northwest Lofts, Inc. and Van and Julie Davis to construct four apartment units labeled A, B, C & D. All four units are loft type. IFA has reviewed the loan application of the borrowers and desires to make the loan for the project, in an amount not to exceed \$163,000, upon the terms and conditions set forth.

MOTION:

On a motion by Mr. Caudron and a second by Ms. Brown, the Board unanimously approved the resolution for Sigourney – Northwest Lofts/ Davis.

Resolution Re: Bloomsbury Apartments

Mr. Tim Morlan introduced a resolution to approve a restructuring of both the first mortgage loan (former Iowa Housing Corporation Loan) and the Authority's HAF Loan for Bloomsbury Apartment, in order to prevent the loss of these low-income units.

MOTION:

On a motion by Mr. Walter and a second by Mr. Wright, the Board unanimously approved the resolution regarding Bloomsbury Apartments.

Resolution Re: MOU between IFA and Dept. of Human Services

Ms. Carla Pope introduced a resolution regarding a memorandum of understanding between the Department of Human Services (DHS) and the Authority. DHS was notified in September of 2005 that it had been awarded a \$2.3 million federal "Real Choices Systems Change" grant to help people with disabilities to be independent. One of the goals of the grant is to increase access to affordable housing with long-term supports, regarding which goal the Authority assisted DHS by providing information and writing the main elements of the grant application related to housing. The Authority also worked with DHS to develop the strategic activities related to this goal, with the exception that DHS would hire the Authority to implement the grant activities related to this goal if the grant were funded. In order for the Authority to provide the needed serviced to DHS it is appropriate for the Authority and DHS to enter into a memorandum of understanding setting out their respective obligations and responsibilities.

MOTION:

On a motion by Ms. Brown and a second by Mr. Wright, the Board unanimously approved the resolution regarding the MOU between IFA and DHS.

TITLE GUARANTY DIVISION (TGD)

Mr. Ogle referred to the materials in the Board packets and mentioned that TGD Board will meet in June as well as having a transfer of funds to the housing programs by the end of the fiscal year.

POLICY / LEGISLATION

Ms. Pope reviewed the material from the Board packet in the absence of Mr. Dennis Dietz.

COMMUNICATIONS

Ms. Shawna Lode displayed new banners to accommodate future IFA displays. She distributed ads for TGD and FirstHome that will be viewed in the *Mortgage Press* in June and briefly discussed the Wells Fargo first-time home owner seminar and tour of homes.

MISCELLANEOUS ITEMS

Receive Comments from General Public

Chair Lintz opened the public comment period and asked if anyone in the audience would like to address the Board.

There being no audience members wishing to address the Board, Chair Lintz closed the public comment period.

ADJOURNMENT

There being no further business, on a motion by Mr. Caudron and a second by Mr. Adams, the May 3, 2006, meeting of the IFA Board of Directors adjourned at 1:55 p.m.

Dated this 7th day of June, 2006.

Respectfully submitted:

Approved as to form:

Bret L. Mills
Executive Director
Iowa Finance Authority

Kay Anderson, Vice Chair
Iowa Finance Authority